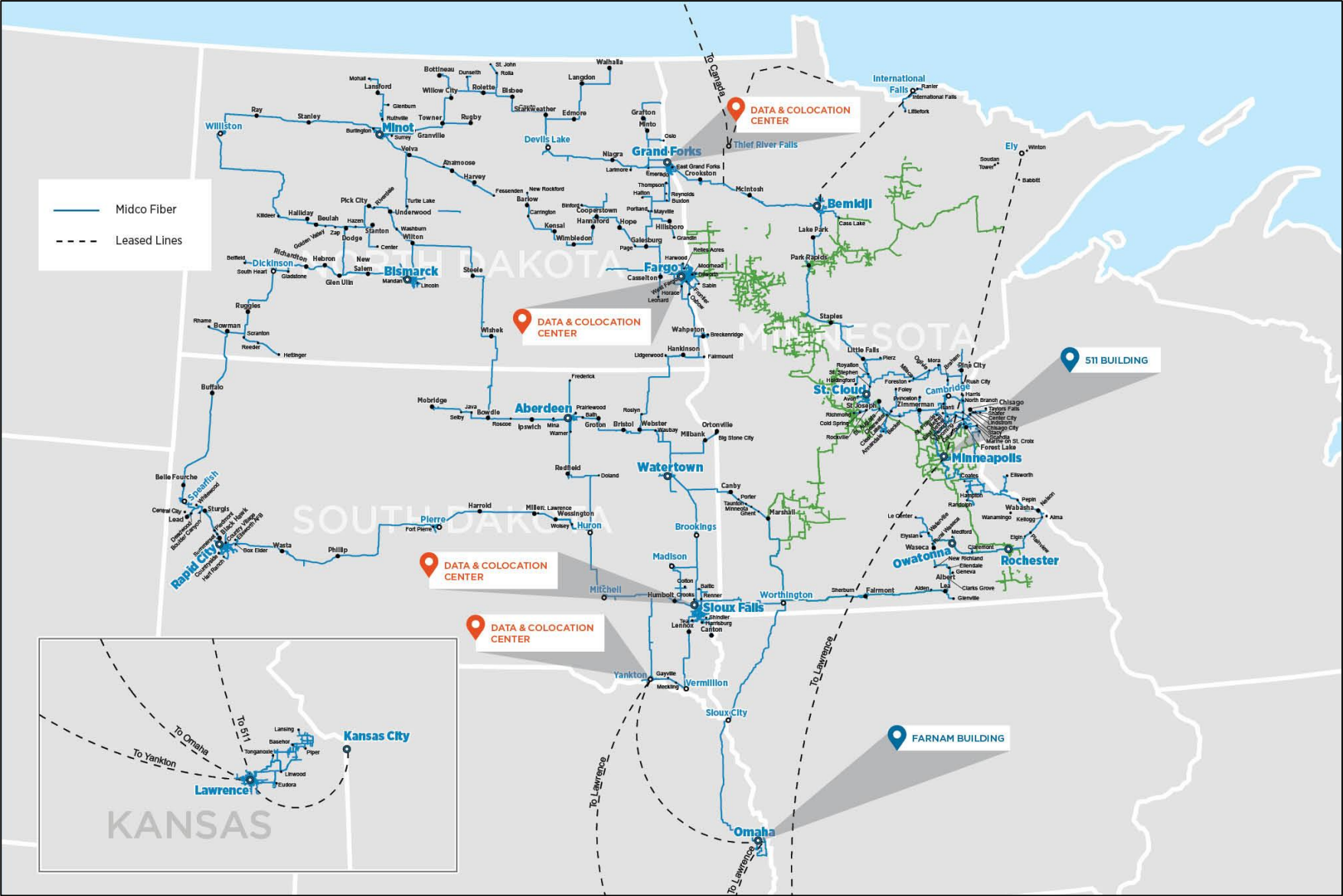
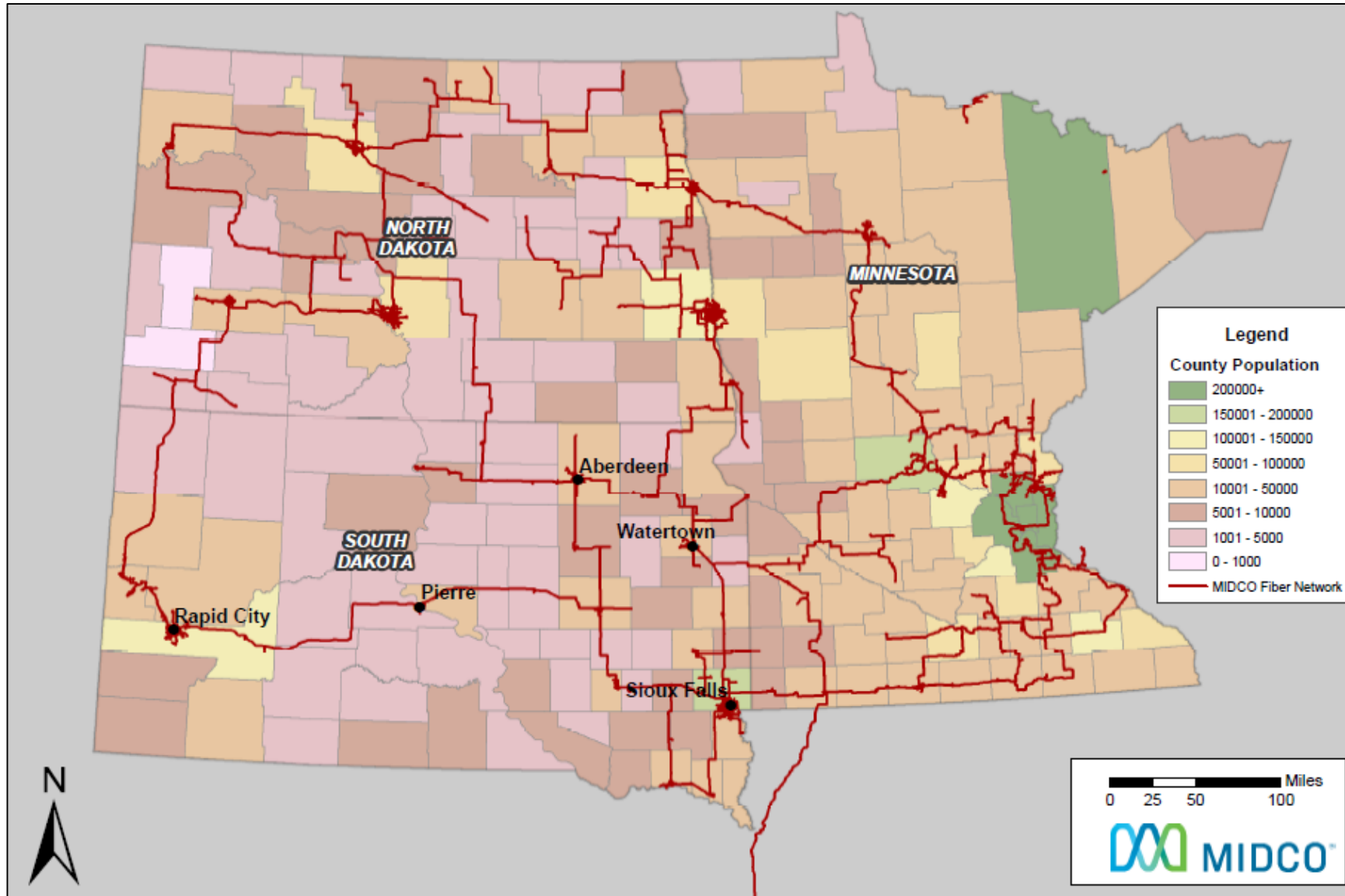

The 3.5 GHz Band and Rural Bidding Credits



Midwestern Service

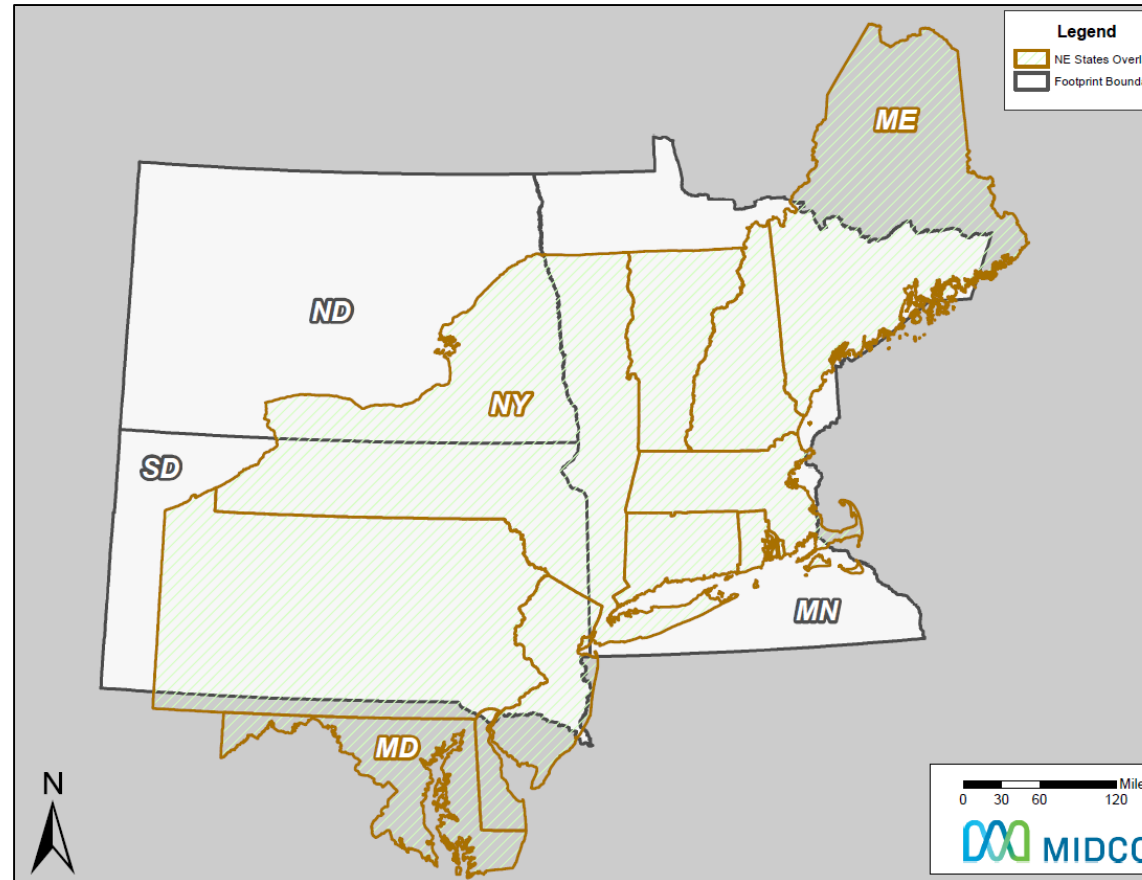


Rural Service Area

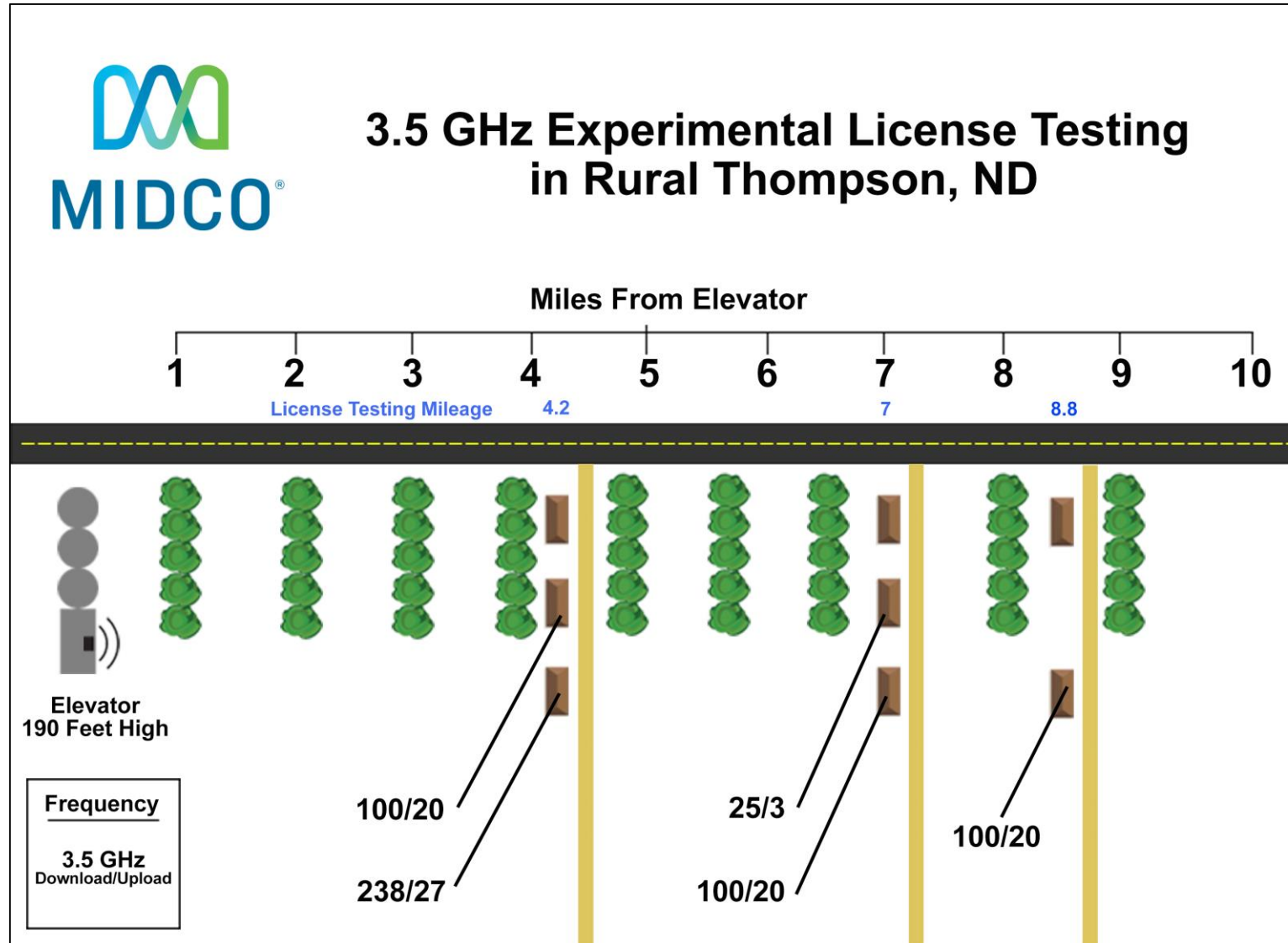


Urban v. Rural

- Northeast population: approx. 61.2 million
- Midco footprint population: approx. 7.2 million (3.7 million in Minneapolis area)



3.5 GHz & Next Generation Technology

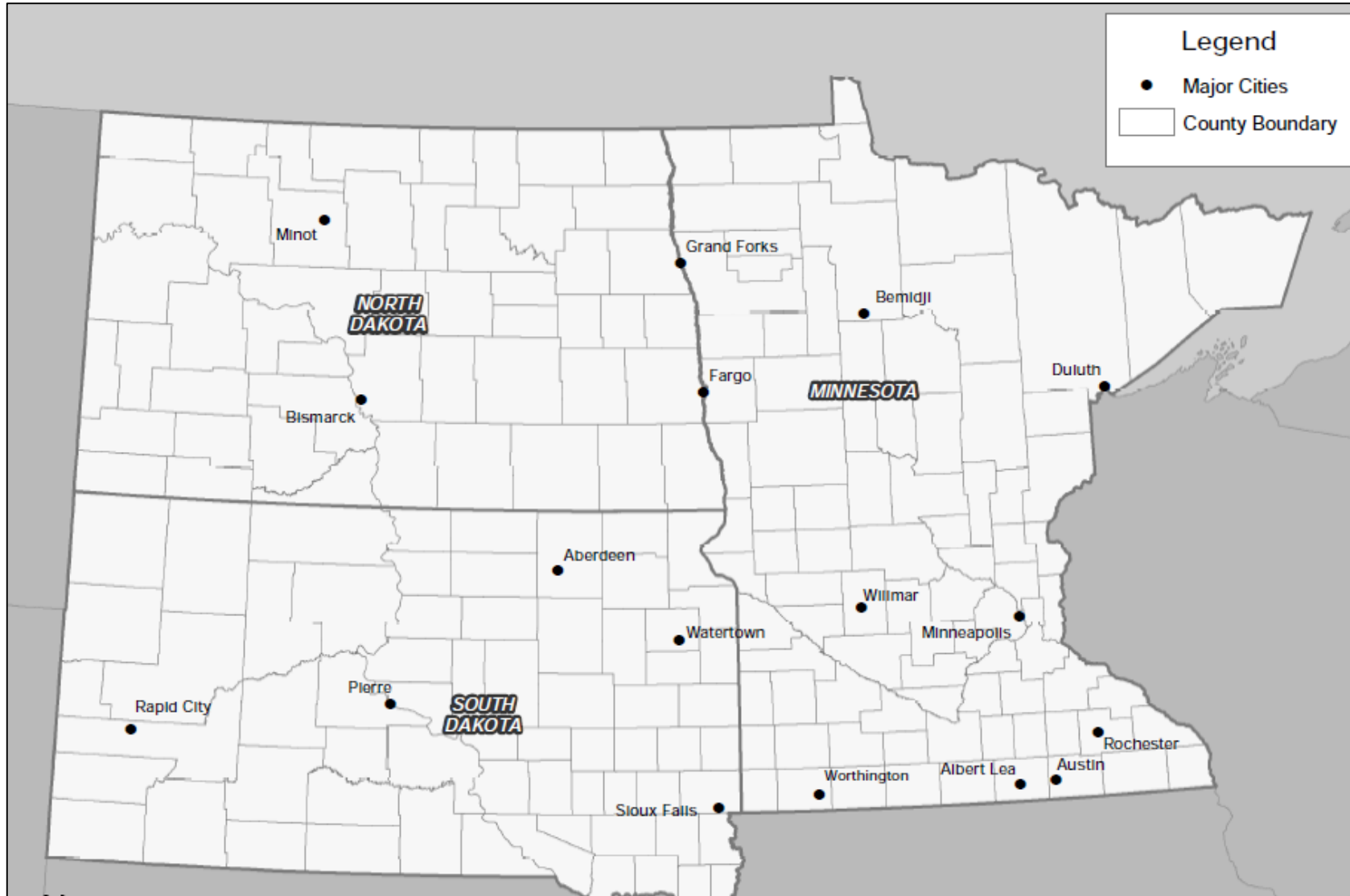


Next Generation Fixed Wireless

- Need 80 MHz of 3.5 GHz band for carrier aggregation technology to provide high speeds; similar to mobile small cell technology
- Small cell is for urban America—350 towers in Sioux Falls (74 sq. miles)
- Fixed wireless is for rural America—140 “towers” in Red River Valley (14,000 sq. miles)

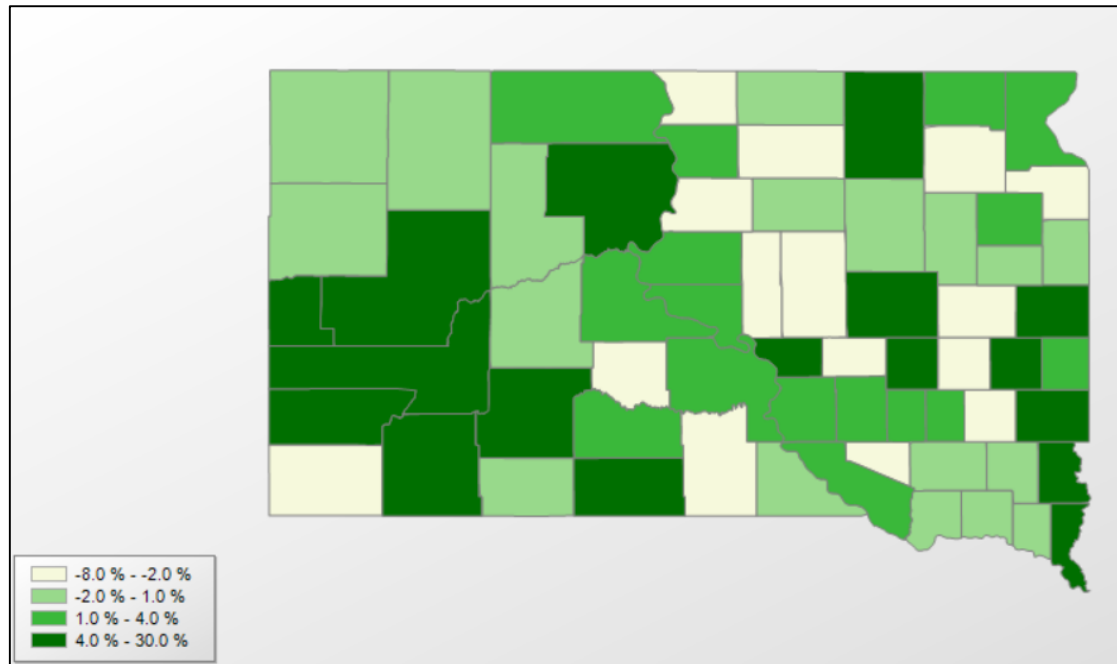


Rural Counties are Large

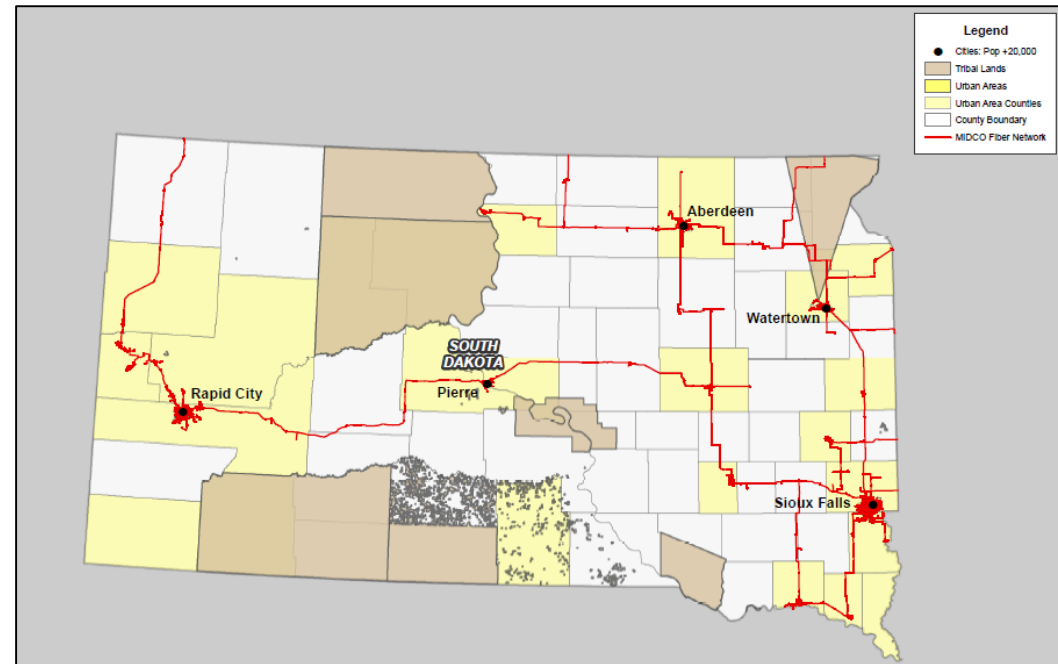


SD Rural Flight

USDA 2010-2017 Population Decline



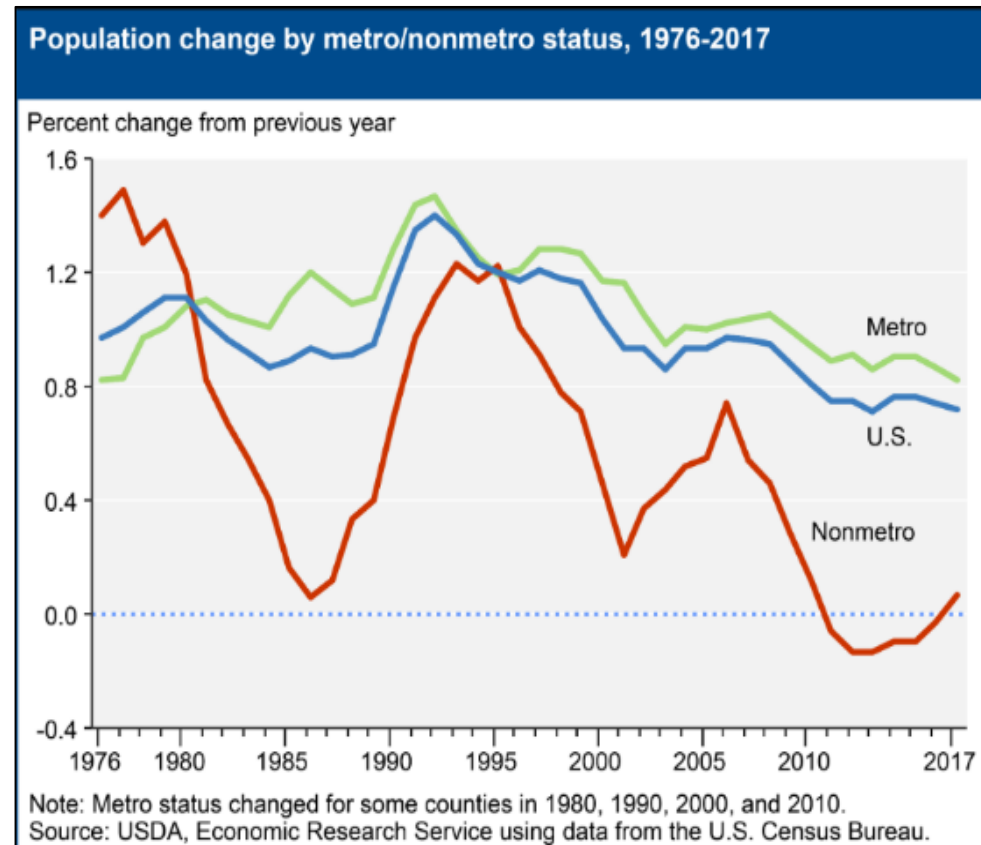
SD urban, rural, and tribal areas



MIDCO
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Rural Flight Reduces Return on Investment

- Continued decrease in rural populations, except “urban” areas and reservations
- Large counties require sprawling infrastructure, and rural flight increases such costs
- Smaller population with larger service area reduces ROI
- Mobile carriers can absorb a reduced ROI for rural PALs or balance the loss with a higher ROI for urban PALs



Level the Playing Field

- Bidding credits help local and rural providers continue to provide services in their communities
- Midco cannot take advantage of rural bidding credit; 400,000 subscribers and maximum is 250,000
- But Midco, not mobile carriers, will deliver rural broadband



Proposed Criteria for Rural Bidding Credits

- The company must operate in a predominately rural area, as measured by the total geography of the service area it covers;
- The total subscriber limit for a company to be eligible for the rural bidding credit should be 750,000 subscribers;
- A company should have 250,000 or fewer subscribers in each state in which it seeks the rural bidding credit; and
- Subscribers should be measured based on billing relationships. That is, if a customer purchases three different services, the customer counts as only one subscriber.

Commission Authority

- 47 U.S.C. 309(j)(3)(A)—the objectives the Commission is required to consider in designing an auction include promoting “the development and rapid deployment of new technologies, products, and services for the benefit of the public, including those residing in rural areas”
- Commission is not constrained on how to achieve these objectives
- Carrier aggregation and the next generations of fixed wireless technology using 3.5 GHz and other mid-band spectrum is new technology that will benefit rural America

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